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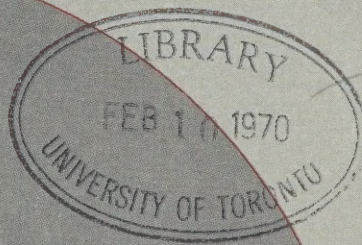
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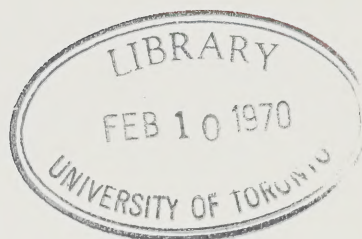
Ontario Development Corporation

Government
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Annual Report 1968





The Ontario Development Corporation was established by Act of the Provincial Legislature in June 1966 to assist in the economic and industrial development of the province. It provides:

- Business advice and guidance to smaller sized enterprises in the province.
- Interest-free forgivable loans under the Equalization of Industrial Opportunity program to companies establishing new facilities or expanding existing plants in approved areas of slow growth.
- Long term capital loans at reasonable rates of interest to qualifying companies in smaller centres of population where such financing is not otherwise obtainable.
- Technical and financial advisory services.
- Rental and leaseback of manufacturing plants in approved areas of Ontario.

	page
Introduction	1
Loan Programs	3
Centralia Industrial Park	7
Advisory Services	10
Finances	12
Staff	16
ODC Information	16

Introduction

This is the first annual report of the Ontario Development Corporation, a Crown agency established to extend the services of its predecessor, the Ontario Development Agency, by making funds available to approved companies locating or expanding in smaller centres of the province. Established with a share capital of \$7,000,000, the corporation's affairs are managed by a board of directors comprising representatives of business, labor and government.

Through its financial and advisory services ODC is stimulating industrial development throughout the province, strengthening existing industries and creating new job opportunities. These programs are detailed in the following pages.

ODC financing to companies able to demonstrate that they can contribute to Ontario's economic development, totalled \$21,600,000 up to the end of 1968. Assistance through both the term loan program and the Equalization of Industrial Opportunity program has helped create 4,900 new jobs initially, estimated to rise to more than 9,000 jobs as companies reach full production.

These loan programs are helping to reduce imports and to increase exports. They are bringing new types of industry to Ontario and assisting established companies to introduce new techniques and processes.

ODC-administered Centralia Industrial Park concluded the first phase in its conversion from an abandoned airforce base in 1968—two years ahead of the original schedule. Rental from industrial space and housing is already covering the park's operating expenses.

To help Ontario's smaller companies gain their full share of the province's growth potential, ODC continued its business advisory services in 1968. Consultants counselled some 2,000 companies throughout the province on



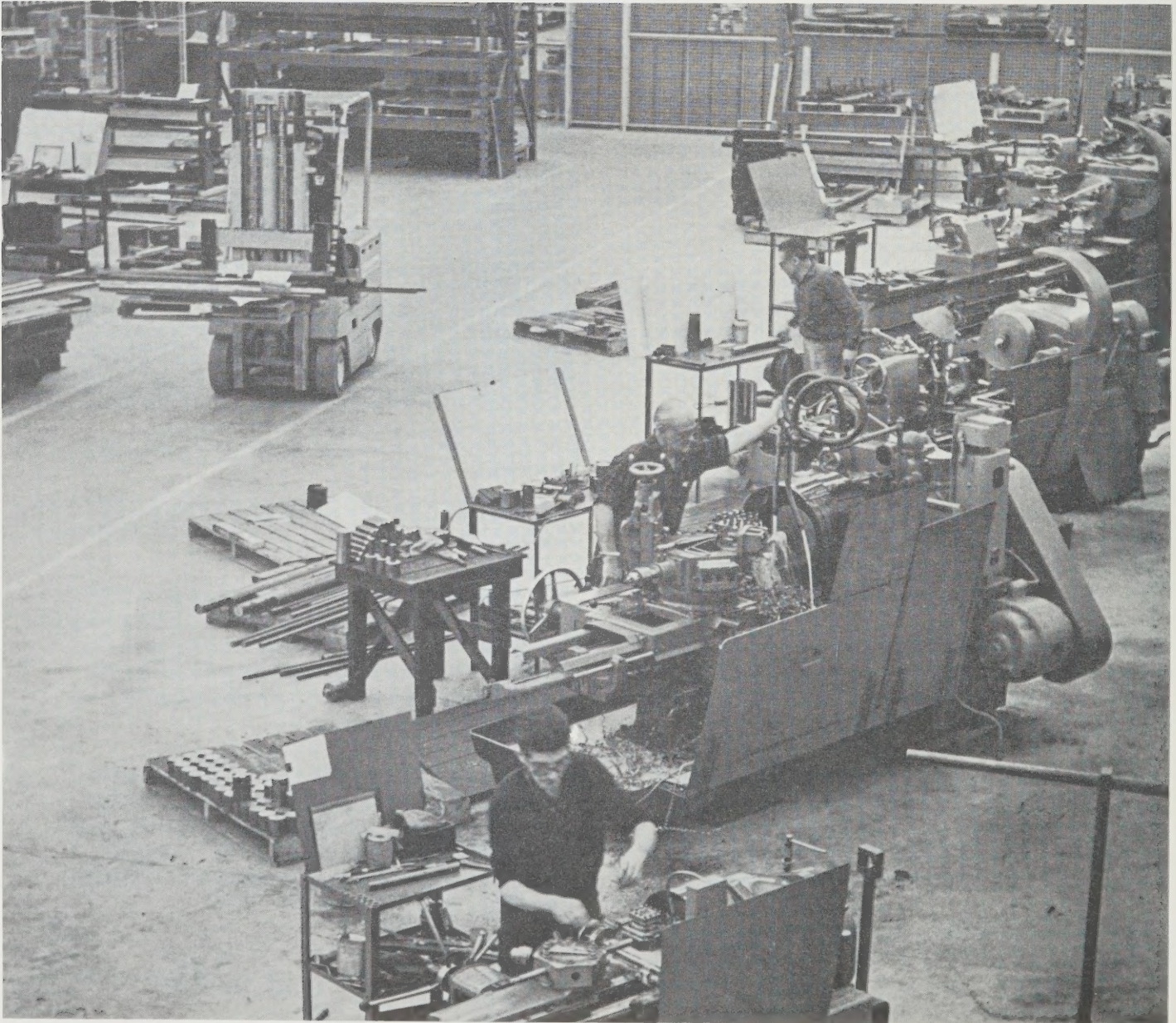
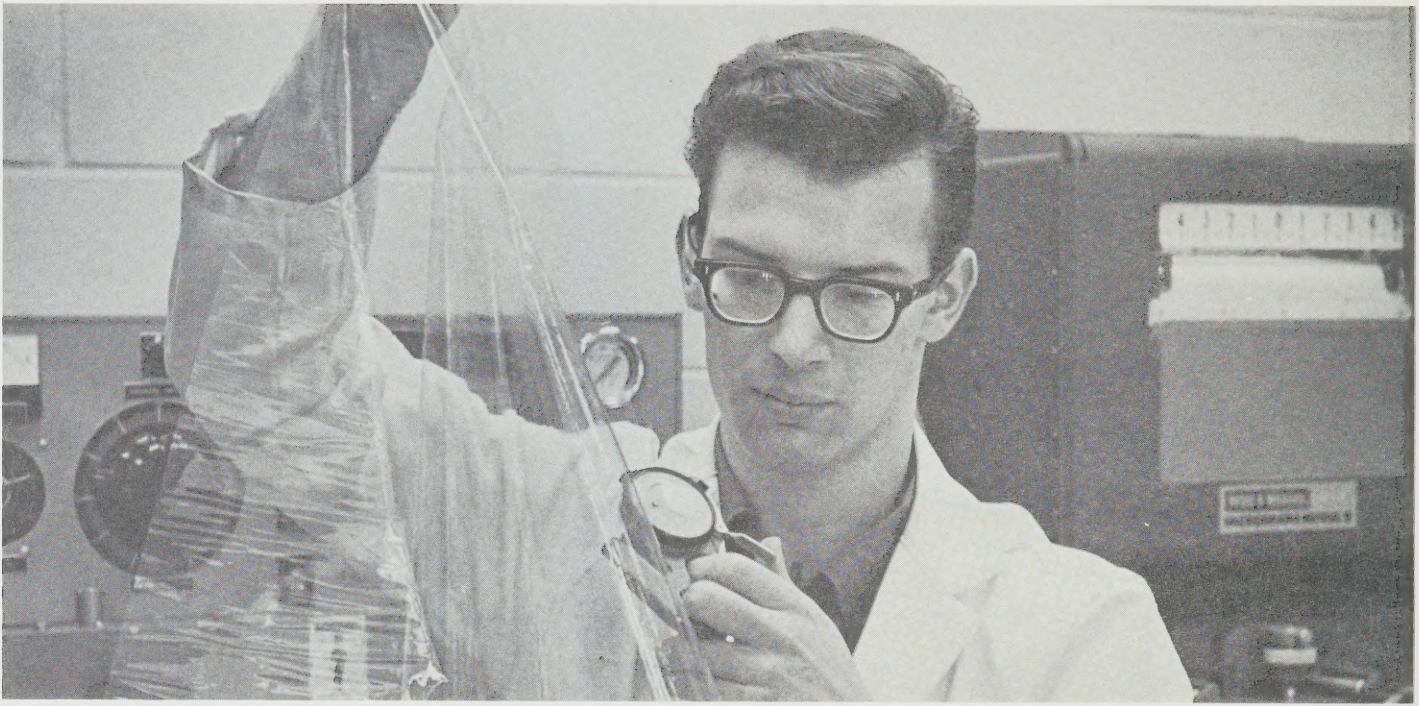
Trade and Development Minister Stanley J. Randall, who reports to the Legislature on behalf of the Ontario Development Corporation.

improving management, production, financial and marketing techniques.

Specialized technical and financial advisory services were provided in collaboration with the Ontario Research Foundation. ODC also conducted workshops for the management of small and medium sized businesses to discuss their problems and explore opportunities for improving performance.

ODC's programs are organized and implemented by a highly qualified staff, most of them recruited from senior management and consulting practice in private industry. Their combined experience encompasses practical business, technical, industrial and commercial know-how from all parts of the world.

S. J. Randall



Loan Programs

Equalization of Industrial Opportunity Loans

Designed primarily to spread the benefits of industrial development to all parts of the province through encouraging manufacturers to locate or expand facilities in slow growth areas, the Equalization of Industrial Opportunity program was launched by the corporation late in 1967. Companies in activities directly related to secondary manufacturing are also considered for EIO loans, where it can be shown they will make a substantial contribution to the province's economy in locations with little or no manufacturing.

Up to the end of 1968, 95 companies were granted forgivable loans totalling \$15,289,000 toward the cost of new or expanded buildings or new equipment. The companies themselves invested \$57,300,000 in these programs, which added 2,800,000 square feet to Ontario's manufacturing and industrial space.

With a maximum of \$500,000 for Northern and Eastern Ontario, and \$250,000 in the remaining slow growth areas of the province, EIO loans are calculated at 33½ per cent of the first \$250,000 of the approved capital cost of new buildings and equipment, and 25 per cent of the balance of the approved cost of facilities. The EIO loans are available to qualifying companies as interest-free loans over six years. For the first five years one-tenth of the loan is forgiven annually. At the end of the sixth year the balance is forgiven, provided the company stays in the same location and has performed satisfactorily.

EIO loans granted up to the end of 1968 are helping maintain or create 4,000 jobs initially, expected to rise to 7,800 jobs when the companies reach full production. Thirty-nine loans totalling \$7,300,000 were made in Eastern Ontario up to the end of 1968, and 11 loans



New plant at Napanee to manufacture small electric motors is being built with EIO assistance.

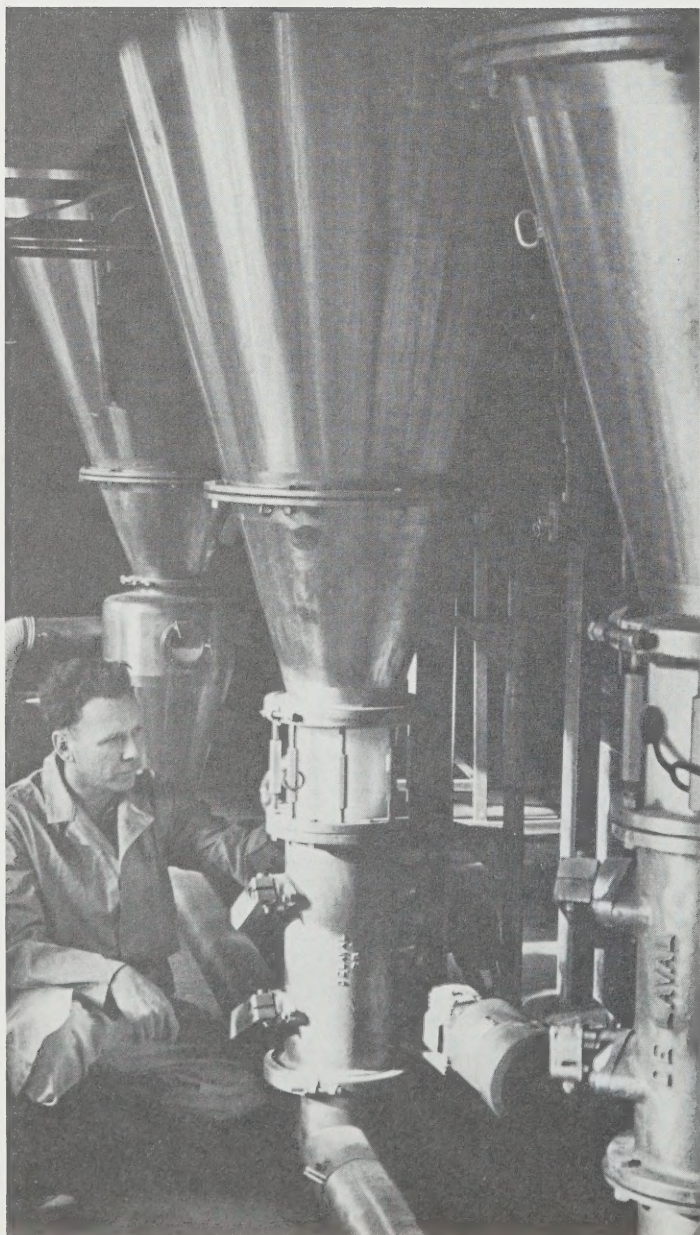
Loans granted in 1968 also helped Allied Chemical Ltd. locate a new plant at Belleville to produce packaging film previously imported, and assisted Mathews Conveyor Co., Port Hope, in a major expansion.

New processing equipment bought with EIO assistance by Quinte Milk Products Ltd., Wellington. Chisholm Lacrosse Manufacturing Co., near Cornwall, rebuilt the world's only lacrosse stick factory with help under the program.

totalling \$1,700,000 were to Northern Ontario companies. The remaining 45 loans, amounting to \$6,200,000, were made in other slow growth areas of the province. Industries in 260 municipalities were eligible for EIO assistance at the end of 1968.

As well as encouraging companies to locate or expand in smaller centres rather than in heavily industrialized areas, EIO loans are frequently the determining factor in a company's decision to establish in Ontario in the first place. Many companies bring new technologies and skills to the province.

The EIO program is an added stimulus in interesting overseas companies to establish in Ontario. Negotiations were under way with several companies in Britain and Europe in 1968, and it is expected that some of them will construct facilities in approved areas of the province during 1969.





Among other companies granted EIO loans in 1968, General Foods expanded warehouse facilities at Cobourg, and Northern Wood Preservers installed new equipment at its Lakehead wood conversion plant.

Loan earnings

Ontario Development Corporation earnings amounted to \$469,311 for the year ended March 31, 1968. Of this, \$420,000 was appropriated as reserve for losses, leaving \$49,311 in surplus to be carried forward into the next fiscal year.

In starting operations at Centralia Industrial Park, an initial operating deficit of \$43,913.49 incurred from July 1, 1967 to the end of March, was quickly reversed in the ensuing months. All operating expenses, including salaries, wages, travel and maintenance, are paid from revenues earned from enterprises located in the park and from housing rents.



Term Loans

Through its term loan program the Ontario Development Corporation makes capital funds available to secondary manufacturing companies and service industries able to demonstrate that substantial additional employment will result from their new or expanded activities, particularly in slow growth areas. Long term capital funds can be used for constructing new buildings, expanding existing buildings or for buying new equipment.

Applicants must, in the opinion of the corporation, have been unable to satisfy their financial requirements through conventional lending institutions on reasonable terms and conditions. Companies or individuals must be engaged in enterprises that will contribute substantially to the economic development of Ontario as sound business operations. Priority for ODC term loans is given to applicants in approved smaller centres of slow growth.

Loans are made by way of mortgage, long term rental, leaseback, or whatever form is best suited to the companies' circumstances and ability to repay. In order to offset to some degree the disadvantage of location, the rate of interest approximates the current prime rate in Metropolitan Toronto. Up to the end of 1968, 32 companies were granted term loans totalling \$6,297,000. These loans are helping maintain or create 960 new jobs, rising to 1,229 when full production is reached.



EIO Program Objectives

- To equalize industrial growth opportunities for municipalities in the lesser developed areas of Ontario.
- To expand industry and employment, particularly in areas of slow growth.
- To encourage decentralization of industry.
- To provide jobs for young people in smaller centres.
- To help Ontario's export and import replacement programs.
- To establish a wider base for industrial assessment in smaller municipalities.

Small Companies Benefit

Of the 95 EIO loans granted to the end of 1968, 56 were to Canadian owned companies. Sixty-six loans were of \$200,000 or less and went to small companies, the majority of which employed 50 persons or less. Forty-two of all the loans granted were for less than \$100,000. Only eight of the 95 loans were for the maximum amount of \$500,000.

Companies	Range of Loan	Percentage of Loans Made
13	\$250,000—\$500,000	14
16	\$200,000—\$250,000	17
24	\$100,000—\$200,000	25
42	Less than \$100,000	44

EIO Loans Approved in 1968

The EIO loans were almost equally divided between those creating new projects (47) and those assisting in the expansion of existing plants (48).

	New Projects	Expansions	Total
Northern Ontario	5	6	11
Eastern Ontario	19	20	39
Remainder of Province	23	22	45
	47	48	95

Communities where industries have been granted loans under the EIO program, up to December 31, 1968:

Alexandria, Alma, Arnprior, Arthur, Belleville, Bolton, Bowmanville, Bradford, Brockville, Camden East, Carleton Place, Centralia, Charlottenburg, Cobourg, Colborne, Cornwall, Dresden, Dunnville, Eganville, Emo, Falconbridge, Fort Erie, Fort William, Glenorchy, Gloucester Township, Goderich, Hearst, Ingleside, Kenora, Kingsville, Lindsay, Long Sault, Napanee, Newcastle, Orillia Township, Otterville, Penetang, Perth, Port Arthur, Port Bolster, Port Hope, Red Lake, Renfrew, Rodney, Ross Township, St. Mary's, Simcoe, Smith's Falls, South Mountain, Stittsville, Stouffville, Summerstown, Thurlow Township, Tillsonburg, Trenton, Walkerton, Wellington and Wingham.

Centralia Industrial Park

Established and administered by the Ontario Development Corporation, Centralia Industrial Park, a former airforce base 25 miles north of London, concluded the first phase of its redevelopment in 1968 with the leasing of all hangar space to industry. Seven manufacturers are turning out products ranging from racing yachts and bicycle tires, to automotive lighting components and plastic plumbing fixtures.

Ontario's only fly-in industrial park, and one of two in Canada, Centralia was phased out as an air base in September 1966. The Ontario government bought the 767-acre facility, including 80 buildings and 363 houses, for \$600,000.

ODC work crews including carpenters, engineers, electricians and laborers continued the program of reopening the community and bringing buildings and houses out of mothballs during 1968. More than 240 of the park's houses were reopened and rented by year-end.

Buildings and facilities renovated and opened to tenants and the public in 1968 included the hockey arena, which is used regularly by six hockey teams, a figure skating club and general skaters. The recreation centre, including gymnasium, is patronized for badminton, basketball, volleyball, curling and bowling. Centralia's swimming pool reopened in the summer.

The park's first new tenant, Centralia College of Agricultural Technology, moved into the former officer cadet school and took over the women officers' quarters for student accommodation. In 1968, its second academic year, 150 students enrolled in two-year courses in agriculture and home economics. Stephen Township School Board reopened the park's elementary school in 1968 to a total of 250 students.

With the arrival of industry, the post office reopened in 1968 and a federal manpower centre was established



*Centralia: Ontario's only fly-in industrial park,
and one of two in Canada.*

to assist in job placement. Banking facilities also reopened during the year, a contract was awarded to operate a grocery store, and negotiations were under way to re-establish the gas station and auto service centre. A building is being renovated to provide hairdressing services for men and women.

Cost of converting Centralia for industry is expected to be self-liquidating in a relatively short time. Expenses have been kept well within the \$600,000 voted to ODC to refurbish the park.

Industrial and service jobs at Centralia totalled 350 by the end of 1968, and are expected to exceed 500 by early 1969. The residential population exceeded 1,200 persons.



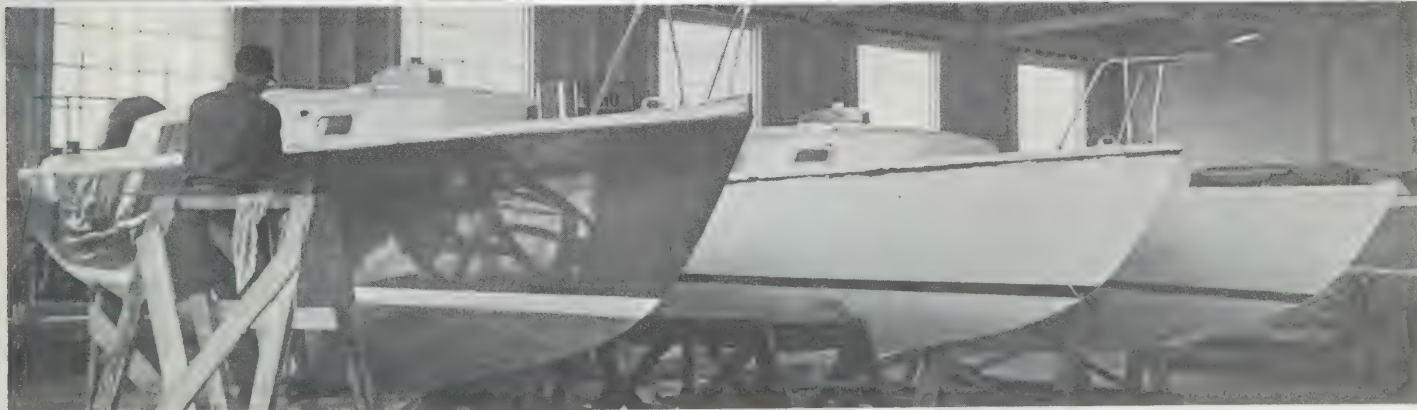
Essential maintenance to runways continued in 1968. Residents and area flying enthusiasts are joining industrialists in using facilities.

As a further step in developing the airfield it is planned to re-install runway lighting and the radio tower in 1969. Meanwhile, negotiations are under way for more permanent use of flying facilities, tying in with the over-all development of the park.

Industrial Payroll

Centralia's industrial payroll totalled 268 persons at the end of 1968, and is expected to increase substantially as plants get into full production. The companies and products: Acme Neon Signs (London) Ltd., neon signs; Carveyor Canada Ltd., car transporters; Daymond Co. Ltd., plastic pipe fittings by injection moulding; Dunlop Canada Ltd., protective tank linings and bicycle tires; Ferplas Industries Ltd., special twines for packaging, plastic strapping and strapping accessories; Hall Lamp Co. of Canada Ltd., automotive components, lighting assemblies, rear view mirrors; Hughes Boat Works Ltd., fibre glass sailboats and yachts.

Tank car lining and boat building are among seven industries at the park. With the establishment of industry, the elementary school re-opened in 1968 to a total of 250 students.



Advisory Services

In the corporation's efforts to strengthen existing industry throughout Ontario, ODC business consultants visited the plants and offices of 1,100 companies in 1968 to analyse management, financial, production and marketing practices. Providing this field service "on the spot" not only enables a fuller understanding of specific company problems, but frees management and plant supervisors from the necessity of visiting Toronto for consultations. This is particularly important for small companies and industries in more remote areas of the province.

In 1968, ODC business consultants—many of them former senior executives in industry and commerce—visited 36 municipalities as far afield as Red Lake and Cornwall, and Windsor and Geraldton. Their confidential services included reviewing balance sheets and operating statements and assisting in setting up more efficient accounting systems and financial controls, advising on improvements to plant layout and production processes, helping streamline sales efforts, and suggesting better utilization of staff.

Food processing, manufacturing, service, resource and tourist industries were among those seeking business advisory assistance during the year. For example, a regular schedule of visits to Northwestern Ontario, carried out in co-operation with the area's regional development council, resulted in 217 interviews with northwestern businessmen.

One-day discussion workshops for the management of small businesses were held in Tillsonburg, Kitchener, Windsor, North Bay, Port Credit and Grimsby during the year. These sessions, designed to help owners and managers gain a fuller understanding of business operations, are organized in co-operation with local industrial commissions and business groups. A total of 230 businessmen attended during 1968.

The special needs of the tourist industry were focused upon at seminars for operators of tourist resorts and



accommodation facilities, held at Smith's Falls, Cornwall, Kingston and Warton.

Recognizing that the prosperity of Ontario's smaller companies is of vital importance to the economy, ODC's business advisory services are usually limited to firms too small to afford the advice of a professional consulting company. Of 13,000 manufacturing companies in the province, for instance, more than 8,000 employ 14 persons or less, and account for a total of 300,000 direct jobs. Small service industries are no less important. And most small companies have good growth potential, given proper management. The value of ODC's advisory services continues to be acknowledged.

In co-operation with the Ontario Research Foundation, ODC continued its aid-to-inventors program in 1968, advising on 140 new products and techniques. As well as technical advice, the corporation offers guidance on financing, patenting procedure and marketing.

All inventions are handled confidentially. Those dealt with during the year ranged from a computer design and new micro-electronic devices, to a new rotary printing press and plastic packaging and labelling equipment. When appropriate, inventors are put in contact with businesses likely interested in bringing innovations into commercial production. Since the program was introduced in 1963, more than 600 individuals and small companies have been assisted by ODC in developing new products and techniques. Many receive continuing guidance over several years.



Finances

Ontario Development Corporation

Note:

The operating expenses of the Ontario Development Corporation, excluding interest on advances from the Treasurer of Ontario and miscellaneous expenses, have been paid out of moneys appropriated by the Legislature for the purposes of the Ontario Development Corporation in accordance with Section 18 of The Ontario Development Corporation Act, 1966.

Statement of income and expense for the year ended March 31, 1968

Income

Interest:

Investments	\$371,173 04
Loans	77,816 48

	\$448,989 52
Rent	61,204 80
Service charges earned	6,610 99
Miscellaneous	15 15
ARDA grant re: Industrial development—Glengarry County	25,000 00
Province of Ontario (see note above)	567,497 74

\$1,109,318 20

Expense

see note above

Salaries	\$471,036 06
Travelling expenses	40,462 39
Maintenance	55,999 29

	\$567,497 74
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Interest on advances from Treasurer of Ontario	\$7,200 08
Miscellaneous	21 90

7,221 98

574,719 72

Excess of income before allocations		\$ 534,598 48
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Provision for amortization	\$ 35,786 97
Provision for contingencies	29,500 39

65,287 36

Excess of income over expense—transferred to surplus		\$ 469,311 12
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Auditor's report

I have examined the balance sheet of the Ontario Development Corporation as at March 31, 1968, and the related operating statement and statements of income and expense and surplus for the year ended March 31, 1968. My examination included a review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet, operating statement and statements of income and expense and surplus present fairly the financial position of the Corporation as at March 31, 1968, and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. Bruce Cranston C.A.

R. BRUCE CRANSTON, C.A.,
Assistant Provincial Auditor.

Toronto, July 8, 1968.

Statement of surplus for the year ended March 31, 1968

Balance March 31, 1967.....		\$ 1,524 52
Excess of income over expense.....		469,311 12
		<u>\$470,835 64</u>
Less:		
Operating deficit—Centralia Industrial Park (Schedule A).....	\$ 43,913 49	
Transferred to reserve for losses.....	420,000 00	
		<u>463,913 49</u>
Balance March 31, 1968.....		<u>\$ 6,922 15</u>

Statement of reserve for losses for the year ended March 31, 1968

Balance March 31, 1967.....		\$280,000 00
Transferred from surplus.....		420,000 00
Balance March 31, 1968.....		<u>\$700,000 00</u>

Centralia Industrial Park

Operating statement for the period July 1, 1967 to March 31, 1968

Income

Rents:

Industrial	\$ 6,940 00
Residential	19,673 46
Educational	140,000 00

		\$166,613 46	
Water charges		638 85	
Heating charges		2,909 30	
Recreational facilities		3,389 02	
Fuel oil sales		252 00	
Cash discounts		164 09	
Miscellaneous		61 67	
			\$174,028 39

Expenses

Administration	\$ 23,098 35	
Employer's share of fringe benefits	3,615 33	
Heating	88,571 33	
Water and sewage	8,196 28	
Fire protection	31,080 35	
Security	10,582 63	
Park maintenance	39,755 83	
Residential accommodation	13,041 78	
		217,941 88
Operating deficit—transferred to surplus		\$ 43,913 49

Board of Directors of the Ontario Development Corporation in session. From left; R.H.Bailey, consultant; W.H. Shaw, consultant; Alan Etchen, vice-chairman and managing director; H.E.Brown, director; R.E.Pogue, director; Donald C.Early, chairman; James Mathias, director; S.W.Clarkson, director; D.B.Grant, deputy managing director; C.R.Demaray, secretary; R.H.Ribbans, assistant secretary. Absent; A.H.Mingay, director.



Staff

In order to implement the new Equalization of Industrial Opportunity program ODC's staff was increased by eight during 1968. The 59 staff members at head office serve the entire province, providing not only advisory and technical services but also the processing of loan applications. The 45 personnel at Centralia Industrial Park are in trades or services connected with the maintenance of the growing community. Their salaries and other expenses are paid entirely from revenues derived from operating the park.

In total, ODC's highly qualified staff represents a wide variety of professions and skills, and the directors wish to acknowledge their appreciation of the efficiency and dedication of all staff in enabling the corporation to meet its responsibilities in a prompt, business-like manner.

ODC Information

Available from:

Ontario Development Corporation
950 Yonge Street
Toronto, Ont.

Phone 365-4622
Area Code 416

Publications

Ontario Development Corporation

Function of the Ontario Development Corporation to stimulate economic and regional development in Ontario, with an outline of services including counselling and financial assistance.

Does Your Business Need a Check-Up?

Sound business practices and procedures for the small company.

Motel Building for the Future

Factors to consider in deciding whether to expand a motel operation. (\$1.00 if ordered outside Ontario.)

Centralia Industrial Park

Facilities and advantages of industrial location at Centralia Industrial Park, administered by the corporation.

Equalization of Industrial Opportunity Program

ODC's loan assistance program for eligible companies establishing new plants, or expanding facilities in specific areas of the province. Published in English, French and German.

Ontario Development Corporation Annual Report

Activities of the corporation in 1968 and audited financial summary.

Films

The ODC Story

Services available to Ontario businessmen through the Ontario Development Corporation. Color, 13 minutes.

Hon. Stanley J. Randall, Minister

Chairman: Donald C. Early

**Vice-Chairman and
Managing Director:** Alan Etchen

Deputy Managing Director: D. B. Grant

Special Consultant: W. H. Shaw

Corporate Directors:

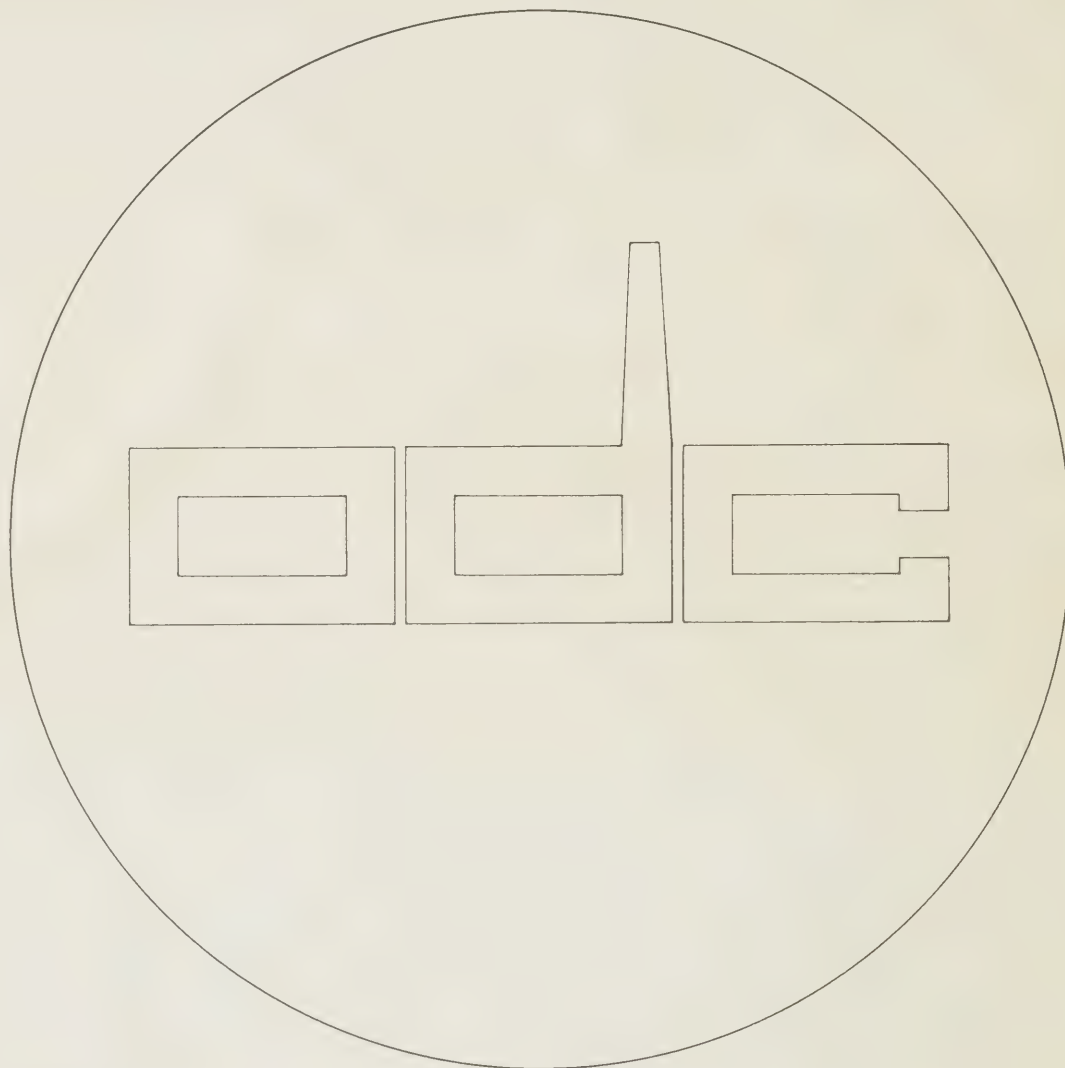
E. A. Clarke, Consultative Services

L. S. Davis, Financial Services

H. J. Nevitt, Innovations and Training

J. R. Gibb, Projects Evaluation

Corporate Secretary: C. R. Demaray



**Ontario Development
Corporation**

950 Yonge Street
TORONTO, ONTARIO

